

ICPS newsletter

Evaluation of changes in legislation increases business policy effectiveness

One of the key factors of successful economic reforms in Ukraine is public participation and support for ongoing changes. Business associations and research institutes are creating coalitions that aim to facilitate and support coherent and effective policymaking. For their part, international technical assistance programs are encouraging the activity of such coalitions by supporting their capacity for analysing government regulations. ICPS and the Coordination and Analysis Centre for Ukrainian Business Associations have launched a new project entitled "Evaluating Changes in Economic Legislation". The project is funded by the Centre for International Private Enterprise (CIPE) and will last for one year

The goal of the project is to ensure quality communication between business, government, and the public. Business associations can use the results of independent evaluations of changes in economic legislation while discussing key issues of economic policy in Ukraine. In the framework of the project, activities are to include the analysis of government regulations and evaluation of changes to economic legislation and their impact on the business and investment environment in Ukraine. Discussion and analysis of all these issues can significantly improve government regulation in Ukraine.

Another goal of the project is to determine the main trends of changes to economic legislation, and to provide Ukrainian business associations with analytical and organisational support in lobbying legislation amendments.

Within the framework of the project, it is planned:

- to carry out independent research on public policy as far as business issues are concerned;

Questions on Regulation

Sensible business regulation is one of the main prerequisites for sustainable economic growth. The OECD has proposed to "examine" new regulatory acts according to the following list of questions:

1. *Is the problem correctly defined?*
2. *Is government action justified?*
3. *Is regulation the most effective method of government action in this case?*
4. *Is there a legal basis for regulation?*
5. *What is the appropriate level of government for this action?*
6. *Do the benefits of regulation justify the costs?*
7. *Is the distribution of effects across society transparent?*
8. *Is the regulation clear, consistent, comprehensible, and accessible to users?*
9. *Have all compliance be achieved?*

Last week's events

First meeting held within the framework of the "Evaluating Changes in Economic Legislation" project. On 25 September, the Coordination and Analysis Centre for Ukrainian Associations (ICPS is one of its members) held a meeting, as the first measure undertaken within the framework of the joint project of ICPS and the Analytical Group of the Coordination and Analysis Centre titled "Evaluating Changes in Economic Legislation".

Participants of the meeting discussed the centre's activity during the first half of 2001, and planned the main objectives for the future. The participants also approved amendments to the regulations of the Coordination and Analysis Centre and adopted a Code of Ethics.

- to organise quarterly meetings of the Coordination and Analysis Centre's staff;
- to organise round tables that will bring together businesspersons, researchers, parliamentarians, civil servants, independent experts, and journalists in order to discuss economic legislation;
- to carry out polls of entrepreneurs and disseminate their results;
- to do research for a report titled "New Economic Legislation 2000—2001", and disseminate its results.

Currently, the participants of the project are analysing all the amendments made in Ukrainian economic legislation since September 2000 till August 2001; the results of the analysis are to be published later. The method of analysis consists in (1) identifying those realms of economic legislation that need improvements most of all; (2) formulating the goals of changes for each legislative area; (3) identifying the main difficulties in improving different legislative areas; (4) taking a survey of the most important legislative acts; (5) and evaluating them with regard to their impact on the business and investment environment in Ukraine.

This year the evaluation embraces the following realms of economic legislation:

- regulation of economic activity;
- taxation policy;
- economic openness;
- competition protection;
- privatisation and the stock market;
- financial legislation;
- agriculture;
- tariff regulation.

The results of the evaluation of changes in Ukrainian economic legislation will be published in ICPS's journal *Policy Studies*. ■

For more information, please contact Yevhenia Akhtyrko, Project Coordinator, at eakhtyrko@icps.kiev.ua, or tel.: (380-44) 462-4937.

The Way Business Affects Public Policy: Lessons from Romania

A meeting of ICPS's policy fellows took place with Dr. Ion Anton, Managing Director of the International Centre for Entrepreneurial Studies (Bucharest), at ICPS on 24 September. The meeting was held as part of the project "Evaluating Changes in Economic Legislation" and was funded by the ICES. The principal aim of Dr. Anton's tour to Ukraine was to facilitate the exchange of experience between the Strategic Alliance of Business Associations (SABA) working in Romania and its colleague-institution in Ukraine, namely the Coordination and Analysis Centre for Ukrainian Business Associations

The International Centre for Entrepreneurial Studies began its activity by organising workshops and training programs on business management. Subsequently, the centre has focused its attention on analysing issues of public policy that affect business, and on defending private business interests. The centre has promoted collaboration between business associations, politicians, civil servants, and academics, thus promoting effective public dialogue between business and the Romanian government. ICES's principal clients are business associations and others involved in private business.

The Strategic Alliance of Business Associations (SABA) was founded in Romania in 1996 to initiate and promote communication between those involved in business. SABA is

committed to promoting a fair and competitive business environment and to developing the market economy in Romania. To fulfil this mission, SABA seeks to ensure active dialogue between business and government, as well as to identify and resolve the main entrepreneurship issues in Romania. Today SABA's members are 41 business associations from different regions of Romania. The objectives of the Strategic Alliance:

- to improve the legal framework and business environment;
- to prepare analyses on relevant laws and regulations;
- to support privatisation and economic restructuring;
- to contribute to setting up a powerful middle class in Romania;
- to protect small and medium-sized enterprises;
- to get the public involved in designing trade policy.

The International Centre for Entrepreneurial Studies functions as SABA's research centre, which contributes to its mission by implementing independent research on public policy. According to Dr. Anton, the centre's director, such a collaboration and communication have significantly promoted confidence between government, parliament, and business in Romania. ■

For more information on the International Centre for Entrepreneurial Studies and SABA (Romania), please contact Dr. Anton, tel.: (40-1) 313-3340 or e-mail: cisa@art.ro.

The advantages of communication between government and non-government organisations

1. Government organisations get the following benefits thanks to bottom-up communication:

- more information;
- better perception of the target environment;
- resources for strategies and programs;
- human resources;

2. Non-governmental organisations benefit from top-bottom communication, because they can get:

- more information;
- better perception of government actions;
- resources for strategies and programs;

3. Mutual communication is beneficial for society, because it:

- increases the synergy and joint effort of the nation;
- increases the mutual trust and effectiveness of the nation;
- eliminates suspicion;
- diminishes corruption.

SABA's Blueprint for Action

1. Set up an organisational framework for dialogue with the authorities:

- monthly meetings with presidents of expert commissions in the Parliament;
- periodical meetings with government officials and local authorities in charge of economic reform;

2. Identify the problems facing private entrepreneurs:

- deal with the problems of entrepreneurs;
- review information and rank priorities;
- prepare research and advocate the output to decision makers;

3. Collect information on the business environment:

- identify sources of information (governmental and non-governmental input);
- maintain a database;
- draw up comparative studies and analyses;

4. Develop strategies and programs:

- review the information collected and processed;
- analyse the information;
- plan for strategies and programs;

5. Disseminate reform policies among the business associations:

- inform the affiliated members;
- organise events that are meant to develop awareness on reform policies;

6. Assess the efficiency of dialogue with the government; elaborate new strategies and programs of communication and cooperation with the government organisations.

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ICPS Newsletter editor Maria Melnyk (mmelnyk@icps.kiev.ua)
English text editor D. (Ksenia) Ovcharenko.
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Address: 8/5 Voloska Street, Kyiv 04070, Ukraine
Phone (380-44) 462-4937/38/48. Fax (380-44) 463-5970
Web-site: <http://www.icps.kiev.ua>